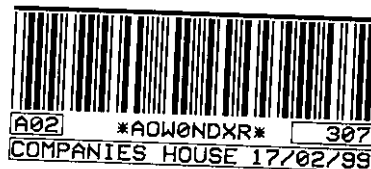


PAGE & MOY TRANSPORTATION LIMITED
(Registered Number 3121435)

DIRECTORS' REPORT AND ACCOUNTS

31 OCTOBER 1998



PAGE & MOY TRANSPORTATION LIMITED

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31 OCTOBER 1998

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PAGE & MOY TRANSPORTATION LIMITED

**DIRECTORS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 OCTOBER 1998**

DIRECTORS

J M Elsom FCA (Chairman)
G R White FCA, FCMA
D R Short
M J Davies FCA

SECRETARY

K D Roberts LLB, ACIS

REGISTERED OFFICE

136/140 London Road, Leicester

PRINCIPAL BANKERS

Barclays Bank PLC, Town Hall Square, Leicester

AUDITORS

PricewaterhouseCoopers, Chartered Accountants, 61 Millstone Lane, Leicester

SOLICITORS

Eversheds, 10 Newhall Street, Birmingham

PAGE & MOY TRANSPORTATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 1998

The directors present their report and audited accounts for the year ended 31 October 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company is the purchase of transport arrangements for resale to its parent company.

STATE OF AFFAIRS AND REVIEW OF THE BUSINESS

The state of the company's affairs is as set out on pages 5 to 10.

The accounts show a profit before tax for the year of £2,209,000 (1997: £1,667,000) in line with expectations. The directors propose a final dividend of £1,520,000 (1997: £1,130,000).

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company are as set out on page 1.

None of the directors held interests in the company at 31 October 1998. The interests of the directors and their families in the share capital of the ultimate holding company, Page & Moy Group Limited, are disclosed in the statutory accounts of that company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PAGE & MOY TRANSPORTATION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 1998 (CONTINUED)**

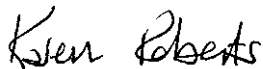
YEAR 2000

The company has undertaken a thorough survey of those aspects of its business which will be affected by the date change in the year 2000. Some key computer applications are already running in year 2000 compliant mode, and a development schedule will ensure that all of the company's systems will be adapted where necessary well before the end of 1999.

AUDITORS

Following the merger of Price Waterhouse and Coopers & Lybrand, Price Waterhouse resigned as auditors in favour of the new firm, PricewaterhouseCoopers. The directors have appointed PricewaterhouseCoopers to fill the casual vacancy created by the resignation and a resolution to reappoint PricewaterhouseCoopers will be proposed at the forthcoming Annual General Meeting.

By order of the board



K D Roberts LLB, ACIS
Secretary
11 February 1999

AUDITORS' REPORT TO THE SHAREHOLDERS OF PAGE & MOY TRANSPORTATION LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

11 February 1999

PAGE & MOY TRANSPORTATION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1998**

	<u>1998</u> £'000	<u>1997</u> £'000
TURNOVER - Continuing operations (Notes 1 and 2)	22,290	22,336
Cost of sales	<u>(18,706)</u>	<u>(19,389)</u>
GROSS PROFIT	3,584	2,947
Administrative expenses	<u>(1,375)</u>	<u>(1,280)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION - Continuing operations (Notes 3 and 4)	2,209	1,667
Taxation on profit on ordinary activities (Note 6)	<u>(685)</u>	<u>(531)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	1,524	1,136
Equity dividends proposed	<u>(1,520)</u>	<u>(1,130)</u>
PROFIT TRANSFERRED TO RESERVES (Note 10)	4	6
	<u> </u>	<u> </u>

The company has no recognised gains or losses or historical cost profits and losses other than those reported above. Consequently, separate statements of total recognised gains and losses and historical cost profits and losses are not presented.

The notes on pages 8 to 10 form part of these accounts.

PAGE & MOY TRANSPORTATION LIMITED

BALANCE SHEET - 31 OCTOBER 1998

	<u>1998</u> £'000	<u>1997</u> £'000
CURRENT ASSETS		
Debtors (Note 7)	3,650	2,582
Cash at bank	<u>31</u>	<u>110</u>
	3,681	2,692
CREDITORS: Amounts falling due within one year (Note 8)	(3,668)	(2,683)
TOTAL ASSETS LESS CURRENT LIABILITIES	13	9
	<u>=====</u>	<u>=====</u>
CAPITAL AND RESERVES		
Called up share capital (Note 9)	2	2
Profit and loss account (Note 10)	<u>11</u>	<u>7</u>
Shareholders' funds - all equity interests	13	9
	<u>=====</u>	<u>=====</u>

APPROVED BY THE BOARD ON 11 FEBRUARY 1999

J M Elsom

J M Elsom
DIRECTOR

The notes on pages 8 to 10 form part of these accounts.

PAGE & MOY TRANSPORTATION LIMITED

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 OCTOBER 1998**

	<u>1998</u> £'000	<u>1997</u> £'000
Profit attributable to shareholders	1,524	1,136
Dividends	(1,520)	(1,130)
Opening shareholders' funds	4 <u>2</u>	6 <u>3</u>
Closing shareholders' funds	13 <u><u> </u></u>	9 <u><u> </u></u>

The notes on pages 8 to 10 form part of these accounts.

PAGE & MOY TRANSPORTATION LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1998

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents sales by the company to its parent company, Page & Moy Limited, (excluding Value Added Tax) in the ordinary course of business for services provided as a principal.

(3) Foreign currency translation

Foreign currency assets and liabilities have been translated into sterling at the rates of exchange ruling at the balance sheet date. Gains and losses due to currency fluctuations arising in the normal course of business are included in the profit on ordinary activities before taxation.

(4) Deferred taxation

Deferred taxation is provided to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, where the directors consider that the potential tax liability will become payable in the foreseeable future.

(5) Cash flow statement

The company is a wholly owned subsidiary of Page & Moy Limited which produces a consolidated cash flow statement in accordance with Financial Reporting Standard No 1. Consequently, the company has taken advantage of the exemption in FRS 1 from preparing its own cash flow statement.

2 TURNOVER

Turnover arose wholly in the United Kingdom and is wholly in respect of the principal activity of the company.

3 AUDITORS' REMUNERATION

Auditors' remuneration was £1,000 (1997: £1,000) and was paid and borne by Page & Moy Limited.

4 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of services to the company during the year (1997: £Nil).

PAGE & MOY TRANSPORTATION LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1998 (CONTINUED)

5 EMPLOYEE NUMBERS

The average number of persons employed by the company during the period, all of whom were directors, was 4 (1997: 4).

6 TAXATION

The tax charge is based on the taxable profits for the year at 31% (1997:31.8%) and is as follows:

	<u>1998</u> £'000	<u>1997</u> £'000
UK corporation tax	685	531
	<u> </u>	<u> </u>

7 DEBTORS

	<u>1998</u> £'000	<u>1997</u> £'000
Trade debtors	540	45
Amounts owed by group undertakings	2,438	1,723
Prepayments and accrued income	<u>672</u>	<u>814</u>
	3,650	2,582
	<u> </u>	<u> </u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u> £'000	<u>1997</u> £'000
Trade creditors	1,293	1,021
Current taxation	855	532
Proposed dividend	<u>1,520</u>	<u>1,130</u>
	3,668	2,683
	<u> </u>	<u> </u>

PAGE & MOY TRANSPORTATION LIMITED

NOTES TO THE ACCOUNTS - 31 OCTOBER 1998 (CONTINUED)

9 CALLED UP SHARE CAPITAL

	1998		1997	
	<u>Authorised</u>	<u>Allotted and</u>	<u>Authorised</u>	<u>Allotted and</u>
	<u>Number</u>	<u>Fully paid</u>	<u>Number</u>	<u>fully paid</u>
		£'000		£'000
Ordinary shares of £1 each:	100,000	2	100,000	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 PROFIT AND LOSS ACCOUNT

	£'000
At 31 October 1997	
Profit for the year	7
Dividends	1,524
	<u>(1,520)</u>
At 31 October 1998	11
	<u> </u>

11 ULTIMATE HOLDING COMPANY AND OTHER RELATED PARTIES

The immediate holding company, Page & Moy Limited, is the smallest group to consolidate the results of the company. The ultimate holding company and controlling party is Page & Moy Group Limited, which is the largest group to consolidate the results of the company.

Transactions with other companies within the Page & Moy Group are not disclosed as the company is a wholly owned subsidiary and has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related Party Disclosures".

Copies of the consolidated accounts of Page & Moy Limited and Page & Moy Group Limited are obtainable from the Company Secretary at 136-140 London Road, Leicester, LE2 1EN.